

Challenges and Issues Faced by the Theatre Sector During the COVID-19 Pandemic
Submission to the Standing Committee on Canadian Heritage
Prepared by the Professional Association of Canadian Theatres (PACT)
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On behalf of the members of the [Professional Association of Canadian Theatres](https://pact.ca) (PACT), we would like to thank the Standing Committee on Canadian Heritage for undertaking this study and your continued support for the arts and culture sector.

PACT is the collective voice of professional Canadian theatres, a leader in the performing arts community and a devoted advocate of the value of live performance. We represent 150 professional theatre companies operating in communities across the country. PACT's membership is diverse, ranging from the largest performing arts organization in Canada to smaller theatre companies that serve their audiences in a wide variety of communities from coast to coast to coast.

Since the outset of the pandemic, PACT has been in direct contact with our members through weekly town halls and multiple surveys to understand how they have been impacted and the support they need. We are pleased to share key findings, observations, and recommendations that we request be considered in the development of your report.

IMPACT OF COVID-19 IN THE THEATRE SECTOR

The theatre sector was amongst the first to shut down and will be one of the last to return to full operations. Many theatres have had to cancel most or all of their 20/21 seasons. It is not financially viable for many theatres to present shows at reduced audience capacity to observe public health and social distancing guidelines. If they do so, they risk accumulating a high deficit from the cost of producing and presenting, with limited ticket sales to offset these costs. At the same time, theatres are adapting where feasible to deliver limited in-person performances, workshops, and digital offerings.

PACT first reached out to its member companies with a survey in July to assess the impact of the first shutdown. This survey was answered by 120 members, and outlined detailed concerns:

- **Cancellations and postponements:**
 - *Productions:* 60% of respondents cancelled between 1-2 productions. Almost 40% of the respondents cancelled or postponed between 3-8 productions.
 - *Community and educational events:* 72% of respondents cancelled or postponed between 3-8 events, with the other 28% having to cancel at least 1. These include workshops, readings, galas or other fundraising events, summer camps or other educational programs.
- **Revenue loss:**
 - By July, due to season cancellations, many had already experienced a loss of revenue between \$4,000 and \$4 million.
 - It has been challenging for many of our members to project the expected total revenue decrease of the cancellation or re-scheduling of these productions and events, but some companies expect between 80-100% loss of revenue in the next 2 years, as they continue to be closed or expected to operate at a very reduced capacity.
- **Insurance Coverage:**
 - Almost 60% responded their insurance policy would not cover losses related to COVID-19.
 - Further, a national Bond program that would have helped Canadian Theatres with security to engage in contracts with actors, directors, stage managers and choreographers for

creation, development and performances has been put on hold until further notice because of the risk of financial precarity that theatres are now facing.

- **Loss of government funding:**
 - At least 60% of respondents are uncertain of the stability, and some think there will be cuts from government funding, particularly from provincial (80%) and municipal funding (69%).
 - Other sources of income have also been cut or reduced, such as subscriptions, sponsorships, rental spaces, cafes/bars.
- **Impact on artists and staff:**
 - *Layoffs and furlough:* By July, 985 employees had either been laid off or furloughed. Not all the respondent companies had laid off employees by then, but some companies had to let go up to 100 members of their companies.
 - *Pay cuts:* For those who remained in the companies, at least 23% took a pay cut of 30% on average.

ACCESS TO GOVERNMENT SUPPORT

During our survey in July, we asked our members which of the federal government programs they had accessed. We found that the Canada Emergency Wage Subsidy (CEWS) and Phase 1: Emergency Support Fund for Culture, Heritage and Sport Organizations were the most accessed and impactful to our members. We also asked them (anecdotally) if their artists and staff have been able to access the Canada Emergency Response Benefit (CERB), with almost 80 respondents saying yes. A summary of results below:

FEDERAL EMERGENCY SUPPORT PROGRAM	%
Canada Emergency Wage Subsidy (CEWS)	83.15 %
Canada Emergency Business Account (CEBA)	44.94 %
Canada Emergency Commercial Rent Assistance (CECRA)	13.48 %
Canada Council for the Arts – Digital Fund	13.48 %
Canada Council – Advance of your grant money	69.66 %
Phase 1: Emergency relief fund from Canada Council/Heritage Canada	74.16 %

The majority of our members (88%) also expressed that they would like to see CEWS continued, and this was also the most repeated recommendation we received from them on our second survey in September-October when we asked members what the government can do to support them. Our members are grateful for the increase back up to 75% for CEWS, announced in the *Fall Economic Statement*. Our members are keen to learn about the parameters for CEWS after December 19th, including how year-over-year calculations will be made. This is 1) related to how we can continue to compare pandemic to pre-pandemic revenues, and 2) how seasonal theatre festivals can use year-over-year totals, as they make most of their annual revenue in only a short period out of the year.

HOW HAS THE SECTOR ADAPTED?

Canada’s theatre companies as well as the overall sector have demonstrated their resiliency by adapting to the challenges brought on by the COVID-19 pandemic. In both our July and September surveys, we asked our members how they have adapted their companies and productions to the new reality.

- Companies have adopted and used digital tools to reach their audiences during the pandemic. However, these activities bring little to no revenue to the companies. Some of the programming activity the companies have engaged in during the shutdown are:

- *Community & Public events* (Outdoor concerts – at venue or local partnerships with restaurants; Hybrid performances and fundraisers - small in-house audiences and live stream online; Home Delivery of live theatre; Backstage digital experience; Digital festivals; Audio drama; Zoom readings; Radio program and podcast; Travelling shows which could be booked for outdoor performances; Backstage digital experience, among others).
 - *Education and training* (Online education; Some theatres were able to offer in-person summer camps following public health guidelines; Zoom summer camps; Artist residencies; Workshops for adults, youth, and children, among others).
 - *Company planning and staff training* (Anti-Racism work withing our staff and organization; Adaptation of work to film and book publication; Conducting interviews with BIPOC artists discussing systemic racism and sexism in Canadian theatre; Play development strategy; Commissioning and developing plays; Building partnerships, among others)
- The most common challenges that companies are facing for reopening include PPE (gloves, masks), disinfecting constantly, and limiting the number of people in venues; but there is a shared concern regarding how to handle health and safety procedures on routine theatre activities (wardrobes, rehearsals, auditions, etc.), which will translate into increased costs for the companies.

SECTOR NEEDS AND GAPS IN FEDERAL AID PROGRAMS

- *Support for COVID-19 related costs:* one of the most common concerns among our members is the additional costs that companies must incur to adapt their infrastructure to allow physical distancing or operations to implement public health guidance (purchase of PPE, temperature screening, etc.). These expenses are usually not eligible under current federal funding programs and allowing flexibility on existing programs or creating a specific fund to support the sector will be welcomed by the arts and culture sector.
- *The Highly Affected Sectors Credit Availability Program (HASCAP):* While many businesses might benefit from this program, this type of program does not usually work for the theatre sector. This is mostly due to the business model of not-for-profit theatre; companies are usually operating on tight financial means, with a view to break-even, and so boards are hesitant to approve taking on debt when there is no clear path towards repaying it. Providing access to cashflow and security to be able to contract workers in such a way that will be eligible and appropriate for our members' financial sustainability is paramount. In some cases, this can be done through credit programs but in other cases, especially for non-profits and charities, they will need access to insurance support to make up for missed claims and cancellations, and access to security for hiring contract workers through collective agreements. This can be delivered through existing credit programs, support from the \$181.5million to Canadian Heritage and Canada Council announced in the Fall Economic Statement, and through new specialized support measures that are applicable to our sector.
- *Government focus on Digital production:* We welcome the investments made in the sector in the *Fall Economic Statement*, however, we are concerned by any potential significant investment into digital programming and creation. As mentioned above, many of our members have engaged in digital programming. A large proportion of our member companies, and their audiences, do not view digital streaming as a replacement for live performance. Companies that wish to engage in digital creation must also invest time and resources in developing an internal skill set, and in acquiring the right equipment.

These investments are welcomed, yet, we believe it would be beneficial to balance and distribute this funding to revitalize and invest in existing programs that provide operating funding to theatres such as the Canada Arts Presentation Fund (CAPF) (which is up for renewal and listed in the *Fall Economic Statement*) and the Canada Arts Training Fund (CATF) (which has been oversubscribed pre-pandemic, and requires a scaled-in investment of \$10 million over three years).

- *CEWS Seasonality* – 66.96% of July respondents were seasonal companies or summer festivals. Currently the wage subsidy program does not account for those seasonal festival who drive maximum revenue during one period in a year, that supports their activities throughout. By using the current year-over-year calculation for CEWS, there is no opportunity for these seasonal festivals (ie. Bard on the Beach etc.) to reach the newly revised 75% wage subsidy coverage threshold.
- *Canada Emergency Rent Subsidy (CERS)*: This program will benefit Canadian Theatres greatly. However, there are a couple program design pieces that require attention: the top-up to 90 per cent is not accessible to hard hit businesses that are impacted by limitations on mass gatherings and travel restrictions; there are caps of \$75,000 per location and \$300,000 for affiliated entities which will significantly limit support for some businesses, especially larger theatres; and, renters qualify for a subsidy for utilities, but this is not open to hard-hit businesses with mortgages to pay.

RECOMMENDATIONS

In order to support the sustainability, reopening and recovery of our sector, and to facilitate getting artists and cultural sector workers back to work, our recommendations to the Government of Canada focus on addressing the damage to our sector as a result of the pandemic, as well as the historic inequities that the pandemic has brought to light. These are:

1. That the government continues to extend financial assistance for pandemic relief and to provide recovery support for the live performing arts sector such as the Canada Emergency Wage Subsidy (including appropriate eligibility and calculation measures for seasonal theatre festivals), relief supports for independent cultural workers and increased funding through the Canada Council for the Arts and the Department of Canadian Heritage.
2. Allowing flexibility on existing programs or creating a specific fund to support the sector with increased costs related to adapt theatres to comply with public health guidance. Such flexibility would be extremely helpful to companies that operate on a seasonal basis, such as those that produce summer festivals, and as a consequence make most of their revenue during a certain part of the year.
3. That the government increase funding and support for Indigenous, Black, and artists of colour, to create, develop, present, and enhance theatre, and began to address historic imbalances and systemic inequities against these artists.
4. That the government increase funding and support towards prioritizing climate change and protecting the environment within the creation, production, presentation, and touring of live theatre across Canada.

5. We would like to see a replacement program, initiated by the Government of Canada, for insurance cancellations and Bond security to help with cashflow and coverage where theatres are not eligible for other supports. This could be similar to the program for the Film & TV sector through Telefilm Canada and would require no more than \$5-7 million for the Canadian Theatre sector. This will help us with financial resiliency and our ability to continue to employ independent cultural workers through collective agreements.

Thank you for the opportunity to contribute to the study on *Issues Challenges to Art, Culture, Heritage and Sport Sectors caused by COVID-19*, and for your ongoing support for a sustainable and vibrant theatre sector. We remain available to you if you need further information on the issues described above.

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